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February 17, 2009

AGENDA ITEM 10c

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. SUBJECT:** Market Reform Principles
- II. PROGRAM:** Global Equity
- III. RECOMMENDATION:** Information

IV. ANALYSIS:

Background

At the CalPERS Board offsite in January 2009, staff provided the Board members with a draft version of the "Principles of Financial Regulation Reform." The creation of these Principles has been undertaken by a group of public pension funds and plan sponsors to insure that their perspectives are considered during the upcoming regulatory reforms likely to be triggered by recent market turmoil.

Current Actions

A conference call with the group's participants was held on February 4, 2009 to review the document circulated at the January offsite. After this call, a proposed final version of the Principles document was completed and is shown in Attachment 1. Pending feedback from the Investment Committee, CalPERS staff plans to commit the organization to support for these Principles and will be engaged in activities to carry this message to the relevant policy makers.

V. STRATEGIC PLAN:

This item will further the following goals of CalPERS Strategic Plan:

- Goal VIII. Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits and second, to minimize and stabilize contributions.
- Goal IX. Achieve long-term, sustainable, risk adjusted returns.

VI. RESULTS/COSTS:

The costs anticipated with this initiative are those related to the staff time and travel as required to effectively communicate the content and concepts of the Principles to the legislative, policy and regulatory authorities participating in the regulatory reform process.

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